

1 Q Did you bring any documents to Tampa or had
2 you --

3 A I didn't bring any documents.

4 Q Had you sent him any documents prior to your
5 meeting in Tampa?

6 A I don't recall. Certainly we sent him
7 documents, but I don't recall if it was prior to or
8 subsequent to that meeting.

9 Q There came a time, though, that you did sent
10 him some documents?

11 A Certainly.

12 Q What did you send him?

13 A My resume, business plan for the partnership,
14 and certainly a draft of that, of the partnership
15 agreement.

16 Q Where did the drafted partnership agreement
17 come from?

18 A The basic skeleton for that agreement came
19 from counsel.

20 Q When was the Tampa meeting, if you recall?

21 A Probably October-early November.

22 Q Of 1989?

23 A Of 1989.

24 Q What was the next step after you sent him
25 that document, including the limited partnership

1 agreement?

2 A Counsel was instructed at that point to go
3 forth with the necessary documents, certainly to
4 consult with us, but to go ahead and put together the
5 basic framework of finishing out the partnership
6 agreement and of course the application.

7 Q Did the limited partnership agreement that
8 was sent to Mr. Weissman provide a breakdown of equity
9 percentages between Peaches Production and Mr.
10 Weissman?

11 A Yes. To the best of my knowledge, it did.

12 Q And, how were -- let me ask this. What was
13 the equity breakdown between Peaches Production and Mr.
14 Weissman agreed to in the limited partnership agreement
15 that was signed with Mr. Weissman?

16 A To the best of my knowledge, it was pretty
17 much the same as it is in the present agreement. 75
18 percent equity interest to the limited partner; 25
19 percent to the general partner.

20 Q That's the way it was when it was signed with
21 Mr. Weissman, is that your testimony?

22 A Yes, to the best of my knowledge; yes.

23 Q All right. Was that also the way it was when
24 it was sent to Mr. Weissman initially?

25 A Again, it was pretty much a standard

1 document. My understanding -- it was a draft at that
2 time, I think, when it went to Mr. Weissman. So, I --
3 to the best of my knowledge, you know, I presume that
4 it is. I really -- because at that point we were
5 working with working document, so I presume that it
6 was.

7 I looked over it, certainly, but to the best
8 of my knowledge, that's what it was. We did not have
9 any major changes subsequent to that concerning equity
10 interest.

11 Q What did Mr. Weissman do with the partnership
12 agreement once he received it?

13 A I don't know. I guess he reviewed it.

14 Q Did he give it to his attorney?

15 A I don't know. I really don't. I had no
16 contact with his attorney.

17 Q Didn't you subsequently pay a bill for his
18 attorney for reviewing the agreement?

19 A Yes, we did. I assume --

20 Q That was for reviewing the agreement, wasn't
21 it?

22 A I presume that it was, yes.

23 Q You don't know?

24 A I don't know.

25 Q But you did subsequently pay a fee to his

1 attorney in connection with his involvement in Peaches?

2 A Yes.

3 Q Prior to the time the application was filed,
4 which was December 14, is that correct?

5 A Yes, 1989.

6 Q Prior to that time, did Mr. Weissman make any
7 capital contributions to Peaches?

8 A Prior to that time --

9 MR. HONIG: I would object. I don't have
10 problems with questions going to the negotiation of the
11 term, but the payment of capital and so forth I think
12 is a prohibited area.

13 JUDGE LUTON: What was the question again.

14 MR. WINSTON: The question was, did Mr.
15 Weissman make any capital contributions to Peaches
16 Broadcast Limited prior to the time the application was
17 filed.

18 JUDGE LUTON: Overruled.

19 THE WITNESS: I think the capital
20 contribution he made was as was required of him.

21 JUDGE LUTON: That's all right. That answer
22 is, yes, he did make a capital contribution prior to
23 the filing of the application?

24 THE WITNESS: Yes.

25

1 BY MR. WINSTON:

2 Q At the time the application was filed had
3 Peaches Broadcast Limited arranged financing for
4 construction and operation of the proposed station?

5 A Yes, it had.

6 Q Who was involved in arranging that financing?

7 A I was involved in arranging the financing.

8 Q Was anyone else involved?

9 A To the extent of assisting, certainly counsel
10 was involved.

11 Q Did Mr. Weissman make any arrangements for
12 financing Peaches?

13 A No, he did not.

14 Q Did he make any commitment to provide
15 financing to Peaches?

16 A Certainly those that were outlined in the
17 partnership agreement.

18 Q Did he provide documents to you concerning
19 funds that were going to be made available to him for
20 him to make available to Peaches?

21 MR. HONIG: Objection.

22 I'm unclear on whether counsel in asking
23 these questions about financing is referring to
24 construction and operation or some other purpose and I
25 would object only to the point that the series of

1 questions needs clarification.

2 JUDGE LUTON: Well, the witness doesn't seem
3 to be having -- Mr. Honig. I don't really know what to
4 do with your objection.

5 Overruled.

6 BY MR. WINSTON:

7 Q The question, Mr. Mathews, is did Mr.
8 Weissman make any arrangements for providing financing
9 to Peaches?

10 A I don't know if he made any arrangements for
11 providing financing to Peaches.

12 Q Do you recall receiving a document entitled
13 Assignment of Interest and Parental Gift from Mr.
14 Weissman?

15 A Yes, I do.

16 Q For what purpose did Mr. Weissman provide you
17 a copy of that document?

18 MR. HONIG: Objection.

19 If there are going to be questions about the
20 document would it be permissible to have it placed
21 before the witness?

22 JUDGE LUTON: Sure. I don't know how many
23 questions there are going to be about that particular
24 document but, in any event, yes, it's well to put it
25 before the witness.

1 MR. WINSTON: I guess I should have it
2 marked, Your Honor. This would be Northeast Florida
3 Exhibit No. 5, which would be the Assignment of
4 Interest in Parental Gift, a one-page document.

5 And then, Northeast Florida Broadcasting
6 Exhibit No. 6, a one-page document, which is a note on
7 the letterhead of Ciro -- Ciro Weissman and I can't
8 make out the exact middle initial.

9 These two documents --

10 JUDGE LUTON: I don't need to see them. I
11 need to have copies of them, though, if you're going to
12 introduce them.

13 (The documents referred to
14 above were marked Northeast
15 Exhibit Nos. 5 and 6 for
16 identification.)

17 BY MR. WINSTON:

18 Q All right, let me put those two documents in
19 front of you, Mr. Mathews. Do you recall seeing those
20 documents before?

21 A Yes, sir.

22 Q The document that's previously been marked as
23 Northeast Florida Exhibit No. 5, entitled Assignment of
24 Interest in Parental Gift, could you tell me when you
25 first saw that document?

1 A I saw it in the process, of course, of
2 putting together our application, final application and
3 financial plan just before application deadline
4 certainly in December.

5 Q And, you received that from Mr. Weissman?

6 A Yes.

7 Q Could you tell me for what purpose he sent
8 that to you?

9 A I really don't know what purpose he sent that
10 to us for. It -- initially, certainly I didn't know.
11 It seems to indicate a gift from his mother, but I
12 really don't know.

13 Q Let me show you a document that's been marked
14 Florida Exhibit 6 and there is a December 1, 1989 date
15 on it from Ciro Weissman, signed, mother, and it's
16 addressed to Dear Steve and -- I know it was read into
17 the record in the deposition. I believe it's Steve and
18 Carol, but Steve and another person.

19 I ask you if you've seen that document
20 before?

21 A Yes, I have.

22 Q And, you received that from Mr. Weissman?

23 A Yes.

24 Q And, for what purpose did Mr. Weissman send
25 you that document?

1 A Again, at the time I didn't know specifically
2 what purpose he sent it to. It seems to indicate a
3 gift of money, obviously, from his mother to him.

4 Q Who signed Peaches applications, Mr. Mathews?

5 A Application for the construction permit?

6 Q For the construction permit.

7 A I did and my wife did.

8 Q At page 6 of that application you provided,
9 did you not, an estimate of proposed costs for
10 construction of the station and a list of sources of
11 funding for that construction?

12 A Yes.

13 Q Do you want to see a copy of the application?

14 A Yes, if I could, if we are going to talk
15 about that.

16 Q That is page 6 of your application, Mr.
17 Mathews?

18 A Yes.

19 Q Listed on that page you show \$65,000
20 commitment from Mr. Weissman, is that correct?

21 A That's correct.

22 Q Did you have any involvement in obtaining
23 that \$65,000 commitment?

24 A Did I have any involvement in it?

25 Q Yes. Did you talk to Mr. Weissman about

1 providing that \$65,000 commitment?

2 A Yes, that was part of -- when we got into
3 discussions -- again, timeframe -- within the period of
4 timeframe we began and ended, certainly we talked about
5 that and what his commitment would be.

6 Q How did you go about obtaining the \$65,000
7 commitment from Mr. Weissman?

8 A Again, I think that was indicated to him in
9 the partnership agreement that was put together and it
10 was also indicated -- I think it was indicated to
11 extend that business plan that he had for review.

12 Certainly in discussions that we had from the
13 initial phone call to the time that we completed the
14 agreement itself, we had -- we discussed those matters,
15 cleared them up. He understood what his commitment
16 would be and how far -- how long the process could
17 take.

18 Q So -- and this was the \$65,000 commitment,
19 was that part of the draft that Mr. Honig had sent?
20 You stated that the original partnership draft was a
21 document that Mr. Honig prepared, is that correct?

22 A Yes.

23 Q So was it his proposal to put the \$65,000 in?

24 MR. HONIG: Objection.

25 Ask for a waiver of the privilege. The

1 witnesses choice of whether to do that.

2 JUDGE LUTON: What's the question again?

3 MR. WINSTON: The question was whether that
4 was Mr. Honig's suggestion to put the \$65,000 in?

5 JUDGE LUTON: I'll sustain.

6 MR. WINSTON: You sustain it, Your Honor?

7 JUDGE LUTON: Um-hum.

8 BY MR. WINSTON:

9 Q When did you first discuss with Mr. Weissman
10 the \$65,000 commitment?

11 A Again, as I've indicated before, I really
12 don't know when we discussed it.

13 JUDGE LUTON: That's really enough of an
14 answer. You don't need to explain any more, if you
15 can't answer it.

16 THE WITNESS: I can't answer it --

17 MR. WINSTON: Mr. Honig has successfully
18 succeeded in inundating me with paper here. It's kind
19 of hard to keep it all straight.

20 MR. HONIG: I don't know whether that's a
21 compliment.

22 (Laughter.)

23 BY MR. WINSTON:

24 Q Mr. Mathews, have you made any capital
25 contributions -- let me back up.

1 Capital contributions to Peaches Broadcast
2 Limited are required to be made by Peaches Production
3 and the limited partner, is that correct?

4 A Yes.

5 Q Has Peaches Production made any capital
6 contributions to Peaches Broadcast Limited?

7 A Yes, it has.

8 Q What was the source of the funds for Peaches
9 Productions capital contributions to Peaches Broadcast
10 Limited?

11 MR. HONIG: Objection.

12 JUDGE LUTON: Overruled.

13 THE WITNESS: Source of funds were from the
14 two principals of Peaches Productions Group.

15 BY MR. WINSTON:

16 Q And, that would be you and your wife?

17 A Yes.

18 Q So you made investments in -- you made
19 capital contributions to Peaches Broadcast Limited from
20 your personal funds. You personally did?

21 A Yes.

22 Q What was the source of the funds that you
23 made your personal contributions to Peaches Broadcast
24 Limited from?

25 A At that time, certainly we were already in

1 operation in certain respects. I had my own savings
2 and operations from the company. I guess I should
3 clarify that. Certainly the company had some funds.
4 We simply put in on time as per the schedule what we
5 were supposed to.

6 Q And there was a schedule of when you were
7 supposed to make capital contributions to Peaches
8 Broadcast Limited?

9 A Yes.

10 Q And you stayed on that schedule?

11 A Yes.

12 Q Have you made all the contributions you were
13 required to make pursuant to the Peaches Broadcast
14 Limited limited partnership agreement?

15 A Yes, we have.

16 Q What is the source of the funds that Mrs.
17 Mathews has invested -- has contributed to Peaches
18 Broadcast Limited on behalf of Peaches Productions?

19 A Mrs. Mathews has her own job; she has her own
20 account; she puts in through there.

21 Q She has her own bank account?

22 A Well, it's not -- there was really no
23 dividing of that. The agreement did not say that we
24 had to do it separately and I don't think that we did.
25 So there was no division of Mrs. Mathews doing this and

1 me doing that.

2 The agreement stated we had to put this sum
3 in at this particular time and that's what was put in.
4 So there was no division. I didn't say you do this and
5 I'll do this. We had a timeframe in which to put it in
6 and that's what happened.

7 Q So money would come in jointly on behalf of
8 both of you?

9 A Yes.

10 Q And where was that money coming from?
11 Where -- let me be -- in instance that you provided a
12 capital contribution to Peaches Broadcast Limited, what
13 was the source of the funds for each contribution?

14 A As we previously stated, it would be from our
15 savings, our own amounts that -- we had our own
16 savings, our own salaries and we simply put it in.

17 Q You were both employed at the time that you
18 made capital contributions to Peaches?

19 A We've been employed throughout, yes.

20 Q And you have a joint -- you and your wife
21 have a joint savings accounts?

22 A We have both, joint savings accounts,
23 checking accounts, and some separate; yes.

24 Q Does your wife have separate accounts, as
25 well?

1 A Yes.

2 Q Let me turn your attention to 4.01, section
3 4.01 of your limited partnership agreement, which is
4 Peaches Exhibit 5, page 9 of 65. I'm sorry, I said
5 4.01. Actually, I want to turn to the next page, page
6 10, 4.01 C. But if you want to look at the entire 4.01
7 to refresh your recollection, that's fine.

8 My question to you is, could you tell me what
9 your understanding of 4.01 C is? What does that
10 provision provide, as you understand it?

11 A It provides for a way in which the limited
12 partner can provide capital to the partnership.

13 Q And it states that the limited partner at its
14 election may choose to treat those as capital
15 contributions or loans to the limited partnership, is
16 that correct?

17 A That's correct.

18 Q Did Mr. Weissman, during the time that he was
19 limited partner of Peaches Broadcast Limited, ever make
20 any capital contributions which he elected treat as
21 loans under 4.01 C?

22 A No, he did not.

23 Q Did -- who is the current limited partner of
24 Peaches Broadcast Limited?

25 A United Communications, Inc.

1 Q Has United Communications, Inc. made capital
2 contributions to Peaches Broadcast Limited?

3 A Yes, they have.

4 Q Has United Communications, Inc. ever made a
5 capital contribution which it has elected to treat as a
6 loan pursuant to 4.01 C?

7 A No. All contributions by UCI have been --
8 well, I guess the answer to that partly would be, yes,
9 if they elect that. But if they -- contributions they
10 have made have been in the form of loans beyond --

11 Q So all capital contributions they have made
12 have been in the form of loans?

13 A No. Let me back up.

14 They made one capital contribution. All
15 other calls that have been made to them have been in
16 the form of loans. Whether or not one could call them
17 a capital contribution that turned into a loan, I think
18 I'm confused on that point. But they have made one
19 capital contribution and the rest have been loans to
20 the partnership.

21 Q Looking at the last sentence of 4.01 C, it
22 states that any additional capital contribution made by
23 a limited partner in the form of a loan shall be
24 secured by the assets of the partnership or the general
25 partner or its principals.

1 Have I read that correctly?

2 A That's correct.

3 Q Has UCI obtained a security interest in the
4 assets of the partnership?

5 A Only as those that are outlined in the
6 partnership agreement, that would be theirs.

7 Q Have you and/or your wife secured any loans
8 made by UCI to Peaches Broadcast Limited?

9 MR. HONIG: I'm going to object. I think
10 this is beginning to stray a little far afield from the
11 comparative issue.

12 JUDGE LUTON: It may be -- overruled.

13 THE WITNESS: Would you restate the question,
14 please?

15 BY MR. WINSTON:

16 Q The question is, have you or your wife -- you
17 and/or your wife provided a security to UCI in
18 connection with the loans made to Peaches Broadcast
19 Limited?

20 A Other than our signature, no.

21 Q Have you -- you say other than your
22 signature, meaning as personal guarantors?

23 A By agreeing to this agreement, my
24 understanding is, that we agree to everything in it.
25 So, if it -- you know, that's the security that we've

1 provided up to this point. The agreement provides
2 certain things that secure the loan and my
3 understanding is our agreement -- by agreeing to this
4 agreement, this partnership, limited partnership that
5 is our guarantee.

6 Q Turn your attention to section 5.01 of the
7 limited partnership agreement concerning profits --
8 profits, gains, credits and losses in general. That's
9 page 14 of Exhibit 5.

10 A Yes.

11 Q You can take a moment to refresh yourself on
12 that.

13 Looking at the last sentence of that
14 paragraph, it states, in any event, the general partner
15 shall be allocated no less than 20 and one-tenth
16 percent of the profits, gains, credits, losses and
17 distributions from all sources.

18 My question, Mr. Mathews, is, if Peaches
19 Production had a 25 percent interest in Peaches
20 Broadcast Limited, under what circumstances would that
21 interest drop to 20.1 percent?

22 A This matter is one that there would be very
23 few circumstances where that would drop to 20.1
24 percent. This is a boiler plate mechanism entered by
25 counsel. It is the absolute minimum that we must have

1 as general partners to maintain control of the
2 agreement.

3 Q Now, my question is -- I understand what you
4 said.

5 My question was, under what circumstances
6 would your interest drop to 20.1 percent?

7 A If we were to sell certain shares to another
8 party to bring them in the general partnership
9 agreement. That's the only instance that I would know
10 and obviously -- that I would know of that would bring
11 it out to that percentage.

12 Q Let me turn your attention to section 8.03.
13 That's page 28 of Peaches Exhibit 5. Make that 8.02
14 and 8.03. Section 8.02, is that where you are
15 referring to the ability of the general partner to sell
16 a portion of his equity percentage?

17 A That's correct.

18 Q Okay. And then the reference in 8.03, the
19 very last sentence, again that would be referring back
20 to 8.02 that you could not sell below 20.1 percent of
21 your interest?

22 MR. HONIG: Objection. I think counsel
23 inadvertently misstated it.

24 BY MR. WINSTON:

25 Q Oh, could not sell below 20.1 percent. Okay,

1 could not retain -- could not retain below 20.1
2 percent. I stand corrected.

3 A Well, the last sentence says, shall not --
4 shall vote a minimum of 20 one-tenth percent of that.
5 But I think it all refers to the same thing, as a terms
6 of control of the -- of our general partnership
7 interest in the partnership.

8 Q Mr. Mathews, you've testified that the
9 limited partner of Peaches Broadcast Limited is now
10 UCI, United Communications, Inc., is that correct?

11 A That's correct.

12 Q When did Mr. Weissman stop being a limited
13 partner of Peaches Broadcast Limited?

14 A December 26, 1990.

15 Q When did Mr. Weissman first express an
16 interest in no longer being a limited partner in
17 Peaches Broadcast Limited?

18 A Somewhere around January-February 1990.

19 Q So this was roughly one or two months after
20 the application was filed, is that correct?

21 A That's correct.

22 Q Did Mr. Weissman express a reason for why he
23 no longer wished to be a limited partner?

24 A Nothing very specific. He indicated he had
25 other interests that he wanted to pursue, other

1 involvements with it that he wanted to go into. I did
2 not ask him anything in depth about it. I had no
3 heartburn with it and that was really the extent of it.

4 Q How did he communicate this to you?

5 A I called him.

6 Q And you were calling him for what purpose?

7 A Give him an update on where we were -- what
8 was taking place -- what would be the basic outlook,
9 the general outlook from that point forward.

10 Q And it was at that time that he said to you
11 that he was no longer interested in being a partner?
12 He volunteered that to you at that point?

13 A Yes. Essentially, yes.

14 Q And, did you tell him at that time that you
15 would accommodate his desire to no longer be limited
16 partner?

17 A I'm sure I did. I'm sure I indicated it to
18 him at that time, yes.

19 Q What did you tell him?

20 A I think I indicated to him -- to the best of
21 my recollection, I indicated to him that certainly we
22 would try to accommodate him as soon as we could.
23 Again, I didn't inquire as to his reasons why. He did
24 not give me all that many specifics. I said, as soon
25 as we could get it done, I have no problems with it.

1 Q And, what steps did you then take to arrange
2 to allow him to withdraw as limited partner?

3 A From that point, obviously, I began a search
4 for additional limited partners. We, of course,
5 consulted with counsel, informed of our finding with
6 Mr. Weissman and instructed him to do the same.

7 Q I'm sorry, I didn't get that.

8 You informed counsel and instructed him to do
9 what?

10 A To begin to search -- the same process. In
11 other words, we just repeated the same process we did
12 going into it.

13 Q So you asked Mr. Honig to help you find a new
14 limited partner?

15 A Exactly.

16 Q All right. And, did Mr. Honig in fact find
17 you a new limited partner?

18 A Yes, he did.

19 Q And that was UCI?

20 A Yes.

21 Q What was your first contact with UCI?

22 A My first contact with them was a phone call
23 to the principal, president, Mr. Larry Dawes.

24 Q You called him?

25 A Yes, I did.

1 Q How did you get his number?

2 A Through counsel.

3 Q So counsel had already spoken to Mr. Dawes?

4 A I don't know. I assume he did. I don't
5 know.

6 Q But counsel gave you the number and said you
7 should call -- suggested you should call Mr. Dawes?

8 A Yes.

9 Q Could you tell me about your first contact
10 with Mr. Dawes?

11 A Basically the same as it was with Mr.
12 Weissman. We talked about the process, where we were.
13 Mr. Dawes had some experience in the process, to my
14 understanding. We talked about, you know, where we
15 would go forth from there, what we thought the
16 prospects were for accomplishing the goal, and after
17 that -- we didn't make any commitments in the first
18 phone call. That's what happened in the first contact.
19 Since then we've talked.

20 Q You explained to Mr. Dawes that you already
21 had a limited partner who wanted to withdraw?

22 A Yes.

23 Q You explained that -- was it your expectation
24 that Mr. -- that UCI would reimburse Mr. Weissman for
25 expenditures he had already incurred in connection with

1 Peaches Broadcast Limited?

2 A No, I did not view that as UCI reimbursing
3 Weissman for his costs, and certainly not in the first
4 conversation.

5 The first conversation with Mr. Dawes was
6 purely about the merits of our application and whether
7 they would be interested in coming in as a limited
8 partner. I'm sure that we made him aware that we had
9 one right now and that we were interested in exchanging
10 that partner.

11 I think that's the extent of the first
12 conversation we had with Mr. Dawes.

13 Q And, after that first conversation with Mr.
14 Dawes, what was your next involvement with UCI?

15 A We then sent him the same information we sent
16 to Mr. Weissman: A copy of the business plan, at that
17 point we obviously had the license, the application for
18 this process, and the business plan contained resumes,
19 financial statements, all of that, plus the
20 application. We sent that to him.

21 Q And, what was the next contact you had, after
22 you mailed all the information to Mr. Dawes?

23 A I think certainly we had another
24 conversation. We instructed counsel to of course put
25 together all of the basic information, much of which I

1 don't know. We talked again about it and I'm sure that
2 the second conversation or so we -- I think they agreed
3 to go forth with us in the process.

4 Q What timeframe -- your first contact with Mr.
5 Dawes, approximately when was that?

6 A Fall of 1990, again. I think as early as
7 October, again. As early as October of 1990.

8 Q Is it fair to say that from the time that you
9 were contacted by Mr. Weissman in January or February
10 until your contact with Mr. Dawes in October that you
11 were in the process of looking for a replacement
12 limited partner?

13 A Yes. Mr. Dawes was not the only person we
14 talked to during this process, during this time. He
15 was one of many, both locally and around the country.
16 At one point we inadvertently spoke with one of his --
17 with what turned out to be, at that point, one of the
18 principals of UCI.

19 Q Between this time, between February and
20 October of 1990, did you have any further conversations
21 with Mr. Weissman?

22 A No, we did not.

23 Q Did you have any communications -- written
24 communications with him?

25 A Other than the quarterly report that we sent